

Message Text

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PAGE 01 BEIRUT 03932 150426Z
ACTION AID-20

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TO SECSTATE WASHDC 8704

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FOR NEA/ARN AND AID

E.O. 11652: NA
TAGS: EAID LE
SUBJ: FY 80 AID BUDGET HEARING

REF: STATE 169651

1. ARRIVAL OF REFTEL AT THIS PARTICULAR TIME POINTS UP THE DIFFICULTY WE HAVE HAD IN MAKING SERIOUS AND PRACTICAL RECOMMENDATIONS FOR A USG AID PROGRAM IN LEBANON IN FY'S 79 AND 80.
2. ON ONE HAND, DAMAGE WROUGHT BY ISRAELI ATTACK INTO SOUTH LEBANON IN MARCH OF THIS YEAR WILL TAKE YEARS TO REPAIR AND LAST WEEK'S FIGHTING IN EAST BEIRUT HAS CAUSED MORE DESTRUCTION. IN ADDITION, THERE ARE MANY SOCIAL PROBLEMS THAT NEED URGENT ATTENTION.
3. ON OTHER HAND, FINANCIAL REPEAT FINANCIAL SITUATION OF GOL IS REMARKABLY GOOD CONSIDERING WHAT LEBANON HAS BEEN THROUGH DURING LAST THREE YEARS (SEE BEIRUT 3833 AND 3233) AND PRIVATE SECTOR CAN BE EXPECTED TO MAKE A LARGE CONTRIBUTION TO ECONOMIC GROWTH IF AND WHEN SECURITY SITUATION IMPROVES AND CONFIDENCE RETURNS. ADDITIONALLY, ONCE THAT HAPPENS, IT IS OUR BELIEF THAT FINDING CONCESSIONAL AID WILL NOT BE A PROBLEM FOR LEBANON.

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4. AS POINTED OUT IN REFTEL, GOL HAS NOT YET DEVELOPED NATIONAL RECONSTRUCTION PLANS. HOWEVER, NEWLY CREATED COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION (CDR), WITH PRESENT U.S. TECHNICAL ASSISTANCE, IS BEGINNING TO MAKE SOME PROGRESS. PROBLEMS THEY ARE HAVING REFLECT THE ENTIRE RANGE OF PROBLEMS THAT AFFLICT THE GOL NOW AND CONCEIVABLE WILL IN THE NEAR FUTURE; I.E. A BASIC LACK OF QUALIFIED MANPOWER AT ALL LEVELS RESULTING FROM TREMENDOUS

BRAIN DRAIN OVER LAST FEW YEARS. WHEN AND IF NORMALCY RETURNS TO LEBANON AND THE TASK OF REBUILDING THE COUNTRY IS STARTED, THE TRADITIONAL LEBANESE RELIANCE ON "LAISSEZ FAIRE" PRIVATE ENTERPRISE WILL NOT BE ADEQUATE FOR THE JOB. THE GOVERNMENT INFRASTRUCTURE, NEVER IMPRESSIVE TO BEGIN WITH AND BADLY DETERIORATED BY THE WAR AND OUTFLOW OF TALENT, WILL HAVE TO STEP IN AND TAKE A MUCH MORE ACTIVE ROLE. IT IS HERE THE GOL WILL NEED ASSISTANCE AND WE SHOULD BE PREPARED TO MOVE--BUT AS WITH OTHER ASSISTANCE, WHAT KIND, HOW MUCH, WHEN, ETC., WILL HAVE TO AWAIT DEVELOPMENTS.

5. GIVEN THE ABOVE SITUATION, OUR POSITION REMAINS THAT WE HOPE AID AND THE CONGRESS WILL MAINTAIN SUFFICIENT FLEXIBILITY IN MANAGEMENT OF AID FUNDS SO THAT WE WILL BE ABLE TO ASSIST LEBANON IN FY'S 79 AND 80 IN APPROPRIATE WAYS EVEN THOUGH WE CAN NOT NOW SPECIFY WHAT THOSE WAYS WILL BE.

DECONTROLLED FOLLOWING 7/14/79.
PARKER

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